

FISHER HEARING

(Continued from Page 1)

may be brought about, the opportunity is given for building up home-steading. Lack of transportation has been one of the difficulties in the way of home-steading the public lands, a difficulty which, as I say, is being overcome.

Trouble in Raising Products.

He declared further that another difficulty in the way is that of raising farm and garden products and finding a market for them at a profitable price.

He talked at some length about the agricultural problems of Hawaii, telling Mr. Fisher that it takes time to solve the problems here, and that the home-steading problem is no exception.

Speaking of the growth of pineapple culture: "I very much fear that the market will again be over-supplied. That's a problem we'll have to contend with, we'll have to do more advertising. Had it not been for the facilities afforded by the sugar industry, pineapples would be a losing industry in this country. The sugar industry has fostered the pineapple industry. I'm not saying this in a complaining way; we're glad to do it. Yet very few sugar people have any stock in the pineapple industry. Alexander & Baldwin have only \$25,000 in it."

He spoke of the many insect pests confronting the homesteader.

Mr. Paxton stated that Alexander & Baldwin's interests on Maui have told the pineapple cannery to take care of the homesteader raising pineapples; to enlarge its cannery to a capacity of 300,000 cases in 1915.

"We have told them 'If you don't we will,' and we will."

Homesteaders Encouraged.

He told of other encouragement given homesteaders on Maui, helping them to raise cane, plowing their land and furnishing seed cane at cost. "We are doing everything we can to encourage those people, we want to see whether or not they will make good," he asserted. "We will pay \$3.75 to \$4 per hundred for their produce, according to whether sugar is over or under 4 cents. I think any sugar man will say that is a fair price."

Secretary Fisher began to delve into the probabilities of pineapple canneries being able to hold small growers, such as homesteaders, practically at their mercy. Mr. Paxton said emphatically that he believed mutual self-interest would prevent this. He thought the cannery and the railroads would not risk their investment and their own interests by discouraging the growing of pines. Mr. Fisher wanted to know if the pineapple raiser would not be at a distinct disadvantage in relations with the cannery. Mr. Paxton thought not.

Utilities Commission Suggested.

Mr. Fisher asked Mr. Paxton about the establishment of a utilities commission to control railroad and steamship freight rates. Mr. Paxton said there is nothing to prevent the establishment of such a commission, but said he saw no reason for it.

Mr. Paxton said that Alexander & Baldwin have no stock in the Inter-island and in fact have sometimes considered putting on a steamer that they own between the islands. He said, however, that Alexander & Baldwin have no complaint make of the present Inter-island service.

Mr. Paxton at one point was asked as to the reliance of the planters on the government to help settle their problems and pointed out the necessity of quick action, the trouble with governmental "red tape," and other reasons as a cause for the continuance of the planters' experiment station.

Politics as Drawback.

Asked why the planters have undertaken so many enterprises as a side line to their principal business, such as experiment stations, transportation, etc., Mr. Paxton replied that the planters felt they could handle these better themselves than to leave them to the government, where politics might interfere and the enterprise would be delayed and might be handled unsatisfactorily.

He said he thought the development of highways under Territorial government had been quite satisfactory, though he understood there was some complaint against the methods and results of the county governments in this work.

He said he thought there is sufficient material in the islands from which to select a satisfactory governor, when asked for an opinion on the present law requiring that official to be selected from among the bona fide residents of the Territory.

The delegate said the objection had been raised that most of the available material for the position who live here are connected in some way with the big interests. Paxton said he could not see that that would be any great objection.

Mr. Fisher said that is one of the charges against Governor Frear.

"Yes," snapped Paxton, "but it is one thing to make charges and an entirely different matter to prove them."

Attorney Ashford was then asked if he had any questions to ask Paxton. He asked the "witness" a number of questions concerning his statement that white men will not labor in the cane fields. He then referred to the homesteading lots on Maui, where Paxton said there are 50 or 60 applicants for 30 or 40 lots.

Ashford referred to two plantations which were combined under one company to handle larger tracts than one organization could handle under the provisions of the organic laws. He mentioned five corporations thus joined in partnership of this character.

Paxton said 125,000 tons, or one-quarter of the aggregate sugar crop of the islands is handled by Alexander & Baldwin, and that C. Brewer & Co. handle a little more than that amount.

Discussing cane-raising contracts, Ashford asked what the plantations

consider a fair profit. Paxton was not prepared to answer offhand.

He said the number of tons of cane required to produce a ton of sugar varied from six to ten tons or more. Asked if eight tons would be a fair average, he admitted it would.

Ashford referred to an instance mentioned by Paxton of a man at Kahuku who made \$400 or \$500 a year on six or seven acres of cane. Paxton said that was only one instance that he knew of. He thought the man was a contractor.

"Do you think you have a laborer for every ten acres of cultivated land on your ranch?" Ashford asked.

Paxton first said: "Certainly not, because we handle diversified crops." Paxton added that they averaged a fraction over eight acres per laborer on the Alexander & Baldwin lands.

Ashford asked if the experimental station bulletins issued by the big plantations were not secret. The witness replied they were not, though he could not recall more than one or two homesteaders who received the benefit of the bulletins.

Attorney Olson then took up the questioning for Governor Frear. Paxton said a rate of \$2 a ton from fields to factory for raw pineapples and an additional 50 cents for carrying the canned fruit down and onto the ship is to be established by the Kahului railway.

He stated that the character of the land to be transferred to the Territory by Alexander & Baldwin on Maui is very good pineapple soil, similar to the lands adjoining.

Mr. Paxton then explained in detail the present harbor and wharf situation at Kahului. He said that the superintendent of public works has charge of the wharf and that the rates are regulated by the Territory.

Mr. Paxton was then excused, and James D. Dole, president and manager of the Hawaiian Pineapple Company, was called. He was first asked about the early attempts at coffee culture, and gave a brief historical sketch of the experiment.

He told of his own first purchase of land, on which coffee culture had failed, at \$62 or \$63 an acre, at that time considered a high price. Later the discovery was made that it would grow pineapples. He engaged in the growing, and then told of the struggles of himself and neighbors in forming a corporation and building a cannery. They began packing in 1903, the first pack being 1800 cases. In 1907 the pack was about 200,000 cases, in 1908 they ran into an overproduction and began advertising on the mainland. Last year the cannery packed 285,000 cases.

He told of two canneries that were opened near his by growers who were not satisfied with the prices his company was paying them. He declared that now neither of those other canneries is paying the growers as much as the Hawaiian Pineapple Company had paid. He admitted, however, that they were paying now as much as his concern is paying growers.

About 135 stockholders are now interested in the Hawaiian Pineapple Co., he said, the bulk of the stock being taken originally by Boston and California persons.

He told of how the pineapple lands were let out to the homesteaders. He said the amount a man could take was limited or graded according to the number of children he had.

"It was kind of hard on the single man," he said, amid a roar of laughter.

"But he could remedy that," laughed Fisher.

"But he couldn't do it in a week or two," Dole asserted.

He continued his tale of the tribulations of the early settlers, and of how the Japanese and Chinese had an advantage over the white settlers because they could live on less and cheaper food.

Speaking of the Haku homesteading

proposition of Alexander & Baldwin, he said he was convinced they were working in good faith and doing what they deemed best for the homesteaders.

He questioned whether the homesteaders, after trying the work for a number of years, with various degrees of success, will not eventually combine and put in a first-class overseer to handle all their lands. Under the present high prices paid for pineapples he thought the homesteader might make a success, but the extra heavy overhead charge would make profit doubtful if the present high price standard were not maintained.

Mr. Fisher remarked that in that phase the question is just similar to that of the American farmer, whose profits depend largely on the decrease of his overhead charges.

Dole said, however, that if the greater amount of pineapples is raised by larger interests, as they are now, they would eventually drive the smaller grower out, because the large grower could sell cheaper, having raised them at less cost. He thought three or four homesteaders, who have large acreages in pineapples, have attained the highest efficiency in the growing. They have enough land so that the "overhead" per acre is cut down. One of these, he said, supervises all the work himself, using Japanese labor mostly.

Two others, near Koko Head, have about 100 acres. One works in town and puts up the money. Another is a Japanese leasee on a large estate on this island. The two have 450 acres in their charge and produce the best results of any in the islands. Most of the white men who have gone into this work, he said, have expanded and taken on more land by leases, or have quit entirely and gone back into other enterprises.

Asked if there is or can be an exchange of labor with the sugar planters, Dole said he had been accused of borrowing labor from the sugar men just when the latter needed them most.

Discussing the attempt to establish a cannery at Hilo, he said there were no big pineapple fields there, that none of those seeking to build the cannery had such lands, and that the enterprise finally languished because there were not enough acres in the culture to warrant it. He said lack of business methods in almost every

feature of the enterprise was the real reason for its failure.

Attorney Olson asked Dole a few questions regarding the lands at Wa-hiawa. Dole said there are about ten canneries now in operation in the islands.

Louis Ginaca, a homesteader at Wa-hiawa, was then called in for a few minutes' discussion of conditions in labor and methods of work. He said he thought one man should have 80 or 100 acres of pineapple land to get the most out of the land and at the same time reduce the "overhead" as much as consistent with high production. He said he believed forty or fifty acres far too small an acreage for the white homesteader.

On a question by Attorney Olson, Ginaca said the investment of himself and brothers for 450 acres was about \$80,000. This, he said, is the money they have actually put into it. He thought a comparative amount would have to be invested for 100 acres. The first year he alone invested about \$1500. He thought the homesteader would require at least \$1500 for his first year's expense in developing his land. He then gave figures showing about how the \$80,000 had been divided in developing his and his brothers' land.

Mr. Ginaca was the last witness of the morning, and shortly after 12:30 o'clock the hearing adjourned until 9:30 tomorrow morning.

PAXTON'S TESTIMONY GIVEN IN DETAIL

Mr. Paxton's most important testimony this morning was as follows:

Mr. Paxton: The conditions here are very different from a topographical standpoint. Homestead lands, as you will observe, are scattered—they rise from sea level up to several thousand feet elevation, making it very difficult to establish a community raising the same product. They are cut off by deep ravines, thus making the cost of railroad construction in most cases very expensive construction. In that connection I think that the construction—road-railroad construction—now being carried on in the island of Hawaii is as expensive as any you will find in the Western United States.

Mr. Fisher: How will you estimate it roughly?

A. "About \$75,000 a mile.

Q. Construction and equipment or construction alone?

A. Construction and equipment.

Q. Approximately?

A. Yes, approximately. That is one of the difficulties, and, mind you, I am not running down homesteading. We are brought face to face with the difficulties just the same as the chief executive of this Territory. The other question is that of transportation. It is impossible and useless, ridiculous to place a homesteader removed from market, removed from transportation facilities. To say that you can legislate the Inter-island steamship company into living low rates, and that there should be improved harbor facilities, is a mistake. No steamer is designed that will leave the ocean and climb up the mountain. In the first place, what we have to have is points—terminal facilities. When the United States government took this government over, the harbors were very inadequate. As it is now, the capacity of the harbor on this island has almost doubled and yet it is too small.

Our Delegate here has done very good work when he has been in Washington in securing appropriations for harbor improvements, appropriations amounting to some \$2,700,000. I say that this is the first step in the transportation problem, and the reason I mention it is that it takes time to bring about conditions so that the homestead proposition may be made a feasible one and an attractive one. We have to get these preliminary facilities in order to encourage homesteading, we have to put money into railroad construction, and I might say that all of the capital that has gone into railroad construction is local capital. To my knowledge, Mr. Dillingham tried repeatedly to get capital from England and the United States without success. And it has only been within the last few years that we have been able to get capital from away. That is the first step, harbor facilities. That is being brought about. Congress has treated us very well in that regard. But there is a great deal more to be done that ought to be. We ought to have about two and a half million dollars more. We ought to have a harbor on each island. You will then have your transportation system in the islands that will be favorable to the homesteader.

Q. Just a moment. I will ask the Delegate what appropriation was made for public improvements here for the next fiscal year; that is, excluding the expenditures for military improvements.

Delegate: You mean in the way of rivers and harbors?

A. Yes; harbors, and generally.

A. I don't know the exact figures.

Q. Approximately.

A. That is, including the Federal building?

Q. Including or not, I don't care.

A. Well, say about a million and a half, including the Federal building.

Q. How much is the appropriation for that?

A. \$850,000.

Mr. Olson: Isn't it true that the appropriation has not been made for the Federal building?

Delegate: It can be used at any time. \$350,000 supposed to be taken out of the Federal building appropriation is supposed to go into a site.

Q. Is that money appropriated to be used during the next fiscal year?

A. The \$850,000 is supposed to be used at any time.

Mr. Fisher: In other words, there is about 5 or 7 hundred thousand dollars appropriated during the next fiscal year for harbor expenditures, etc.

Mr. Paxton: It would require eight or nine hundred thousand to complete the project here.

Well, I was speaking of transportation as being one of the difficulties that has been in the way of the homesteading of the public lands, and as it is now being gradually built up. The other difficulty has been the finding of a market for such staples

as can be raised in a semi-tropical country as this. It is true that on the higher elevations we can raise cereals but when you get back on those elevations you get so far away from any place that the cost of inland transportation makes the cost of those products prohibitive. Coffee was thought to be very promising. I tried it myself when I first came here, and lost five or six thousand dollars. There are a few localities where coffee is successfully grown, and that is by Japanese. There are a great many difficulties to contend with—some of the trees grew very well, some of the trees didn't. It is hard for us to compete with the American market.

Mr. Ashford: Was there not a slump in coffee at that time? Was not that the chief reason for your failure?

A. No, I would not say that was the chief.

Mr. Fisher: You think that if the market was in good condition and the transportation facilities were adequate, nevertheless there are climatic and physical handicaps?

A. It must be in a locality where there are no stones, where the rainfall is even. There are only a few localities in the islands where those conditions exist. A large part of the plantations in the Oloa district was formerly planted to coffee. There was a heavy rainfall, apparently little wind, when they planted the trees—they went to wood principally, and had it not been for a sugar plantation being started and buying out those growers those people would have gone into bankruptcy. So far we have only found two staples—that is sugar and pineapples. Others are in the experimental state. Possibly cotton will be found profitable in the future, but it takes time; it takes experiment. So far we have only got the two. In regard to cane culture the question has been asked by you, Mr. Secretary, whether or not a white man can grow cane here. My reply is that he can, but he is not inclined to do it. I am speaking now of white men—I mean the mainland man. The reason is obvious. The mainland farmer raises nearly all of his products by machinery. He plants his corn by machinery, he—and many of them take their produce to market in an auto truck. Here the greater part of cane cultivation is by hand. It is true the plantations plow with steam plows, but if each individual farmer tried to buy a steam plow they would soon be put out of business. On an irrigated plantation it is impossible to cultivate by machinery. When it comes to harvesting, which is the hardest part of the cane cultivation, no machine yet has been designed to cut cane—attempts have been made to invent cutters. The Hawaiian Sugar Planters' Association is doing its utmost to secure up-to-date machinery.

"Up to within a few years ago the hard part of cane cultivation was the stripping. By stripping I mean taking each individual stick with the hands and stripping the blades off, and when you consider that the cane grows thick and heavy, that is a pretty hard job for any man to tackle, especially the American farmer. The experiment station has demonstrated, however, that stripping is unnecessary. It took a long time to find it out. I am telling you all this to show you that it takes time to work out the problems of homesteading in these islands. We will take up the other staple of pineapples. The production of pineapples in 1907 reached half a million cases. That was immediately following the panic of 1907. The consequence was that there was a slump. The different sugar agencies were making advances to nearly all the pineapple people. My firm alone advanced up to nearly \$200,000 to a cannery on Maui, and without such help I think it would have failed. I think the same is true of nearly all the other canneries.

I don't think that would include Mr. Dole, but I think nearly all the others were supported by the sugar agencies. The advertising campaign was worked up to which the sugar agencies advanced the money to carry it on to bring to the attention of the people of the mainland the superior qualities of the Hawaiian pineapple, and as a result the market is in a much better condition—I think 1,000,000 cases this year. This has been marketed without any difficulty. There will be thousands of acres on Maui—at least, near that—open for pineapple production, and I am very much afraid that the market will again be over-supplied.

You must remember that pineapples now lead in canned fruit in the United States. There is more canned pineapple marketed than any other single fruit, and there is the question as to whether the market may not be over-supplied with pineapples during the next seven years. The pineapple industry had to be nursed along and had to be brought up to what it is by very careful handling, and had it not been for the help of the sugar interests, the pineapple industry would not be what it is today. We advanced them money at 6 per cent. to tide them over this period of hard times. We have helped the transportation facilities. If it were not for our sugar vessels going east now with sugar, the pineapple people would have to pay 25 to 50 per cent. more for freight than they do now. The rate of freight for pineapples on the Matson line is \$3 a ton as compared with \$2.50 for sugar, which is low considering the handling of cases as compared with the sugar bags.

I am simply citing these facts to show you that, in spite of statements to the contrary, the sugar interests have fostered the pineapple industry. I will not say that in a complaining way, for we are glad to do it. The American-Hawaiian line carries our sugar to Eastern ports, and these vessels also carry the pineapples. The pineapple season begins two months before the sugar season closes. We hold our sugar back to let the pineapples go; the agencies store their sugar, because we realize that that crop should be marketed within two or three months.

And yet very few of the sugar peo-

ple have any stock in the pineapple plantations. Alexander & Baldwin hold \$25,000 only. We are not what you would call a charitable institution or eleemosynary institution, but we think it is a good thing for the country. We think it increases taxation, adds to the wealth.

Another difficulty with the homesteading here has been the presence of a great many different kinds of pests. I know we have them on the mainland, and I presume we still have them, but we have the winter season there to break the ravages, while here they work the year around. The Board of Agriculture has men in Africa and Europe trying to find a parasite for the Mediterranean fly, which threatens to destroy the fruit industry here. Cut worms is another very bad pest for vegetables. All those things have to be looked after. They are being looked after, and I think Dr. Wilcox will tell you that the planters' station has rendered valuable assistance to the Federal station. For instance, we have taken up the question of pineapple diseases and have made a thorough study of them. And the desire and intention of the planters is to do everything they can to help and nurse the pineapple industry.

As an illustration of how this homesteading business is working out, I would like to call your attention to what we are doing on the island of Maui. In 1908, the President of our Company, Mr. H. P. Baldwin, who had always been very desirous of doing something in the way of homesteading lands in Maui, made a proposition of exchange. There was a strip of land below the line of the ditch containing about 900 acres. Mr. Baldwin said—I think Governor Frear was then in office: "If you will give us this 900 acres of land"—this land is located on the lee side of the island and this particular land was dry—it would not produce anything except by irrigation.

Mr. Baldwin said to the Territory: "If you will give us this 900 acres, we will give you 1200 acres in the rainfall district of land suited to homesteading. If you do this and if you successfully homestead that 12 hundred acres, I will say today that our corporation will give you as much more land for similar purposes if there is the land in that locality." The principal product which those people could raise was pineapples. As I have just related to you it has taken time to develop the industry. There were a great many kuleanas and the surveying took a great deal of time. But anyway, the exchange has been made and the lots have been laid out and here a sort time ago the plantation corporations have adopted resolutions transferring the addition lands which were agreed to in the beginning. If you will permit me, I will read a copy of the resolution of the plantations setting aside this additional land. (Reads resolution.)

Q. The same interest controls the corporation that passed that resolution as controls the Maui Agricultural Company?

A. Yes. Now then, these lands are set apart, have already been subdivided into lots, and as I understand it, there are some 50 or 60 applicants for them.

Q. How many lots are there?

A. About 30.

Q. What is the size?

A. Well, I should say ranging from 30 to 40 acres.

Q. You regard that land as adapted for pineapple cultivation?

A. Pineapple cultivation. I want to go a little further on this proposition. These lands are located about seven miles from the termination of the Kahului Railroad Company, which company is controlled by the firm I represent. We are now extending the railroad at a cost of \$300,000 for seven miles, showing you the high cost of railroad construction. We expect to get nothing except the proceeds from these homesteads. We have even looked further than that. There is only one cannery company on the island of Maui. It is at present canning about 3000 cases a year, and has sufficient contracts to supply its needs. We have said to this cannery company: "You must take care of these homesteaders. You must enlarge your factory by 1915 to 3000 cases per annum," and we are prepared to do it unless they come through with the larger cannery. We are providing the facilities which will make it an inducement to homesteaders to take up land, and without such inducement it is absolutely useless to get them over there. We are doing the same thing on the island of Maui, only in a little lesser degree. We are attempting to get homesteaders interested in cane cultivation. The Government has recently opened up a tract known as the Piwa Tract about 700 acres in area, and we are now extending a railroad from the landing at Port Allen, or are extending the tracks to a point about one mile from these homesteads, in order to provide railroad transportation. We are making agreements with these homesteaders to buy their cane to advance the money to build houses with, plow the land for them. We will furrow the land and furnish the seed cane and fertilizer. We will plant for them, if they so desire, charging only the actual cost thereof. They cultivate the cane and bring it to maturity. We pay them four dollars per ton, if sugar is four cents and 3.25 if sugar is 3 1/2 cents. We are experimenting with certain varieties of cane adapted to high land cultivation. That is another experiment which has to be worked out to get the cane that will be best adapted to these locations.

Q. Anything else?

A. No, I think nothing just at this moment.

Q. What quantity of cane do you think those homesteaders are capable of producing per acre?

A. Well, it is a little difficult to say. It depends upon the rainfall and there could be as much as four tons of cane to the acre.

Q. You mean four tons to the acre of cane?

A. I mean 4 tons of sugar.

Q. And that would mean?

A. That would mean about 30 or 35 tons of cane.

Fisher: And what price would you propose to pay, say the higher price is four dollars per ton—what profit would that give the homesteader?



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Paxton: Well that is very difficult to say.

Q. Approximately?

A. That is, the thing you want to find out—I assume that is the total receipts out to be in the neighborhood of \$150 or \$160 per acre.

Q. It that total receipts or net profit?

A. That is total receipts.

Q. There would be certain expenditures—about what would such expenditures amount to?

A. I could not answer that off hand. Some figures might be prepared. It would be very difficult to an answer that off-hand.

Q. What impressed me is the question whether the homesteader of any nationality could be expected to make a living off of 6 or 7 acres of land?

A. I think it depends a great deal on the price of sugar.

Q. What would you say that how many hundred dollars a year would that be?

A. I know of instances where there are two or three small homesteads, 60 homesteaders making some four or five hundred dollars from an average of eight or ten acres.

Q. Over and above his living expenses?

A. That is, what he gets over and above the cost of producing.

Q. Well, would it be possible to draft a contract which was based on the price of sugar that would afford you protection and by which you can name a longer contract?

A. Such contracts are in existence.

Q. Do you see any objection to such a contract?

A. I see no particular objection, except that it renders the production of cane risky in view of fluctuations in the price of sugar.

Fisher: Yes, I can see that the sugar factors would take some risk, but on the other hand, can you expect a farmer to stick his investment in a homestead of this kind and be at the mercy of the planting interest at the end of four years?

Paxton: It depends on who the planting interests are. It seems to me that where efforts have been made to bring about homesteading such as I am telling you of, that homesteaders ought to have enough confidence in the planters.

Q. Managements change, owners die, conditions change—and yet the homesteader, if he once has put his little capital in there, he cannot change.

A. I have no doubt that longer contracts would be available if we got started.

Q. Wouldn't you think, as I understand you, Mr. Paxton, your people are rather in favor of homesteading?

A. We certainly are.

Q. Because you think it is good business.

A. Yes.

Q. Now, that being so, if this practice we are considering, the question as to how we can encourage it. Wouldn't you think it would be a good thing to work out some plan by which the homesteader could be